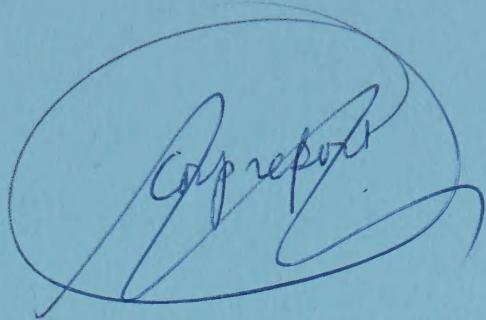


AR44



Dalex Co. Ltd.

ANNUAL REPORT 1967

BOARD OF DIRECTORS	D'ARCY F. McCONVEY, <i>Chairman</i> E. JAMES ANDERSON ROBERT A. DAVIES, Q.C. ROBERT C. DOLPHIN ROBBERT HARTOG KENNETH D. MOONEY J. DOUGLAS MOSSOP ROBERT D. TELFER
OFFICERS	D'ARCY F. McCONVEY, <i>President</i> ROBERT C. DOLPHIN, <i>Vice-President</i> JAN HAMMER, <i>Secretary Treasurer</i>
TRANSFER AGENT	THE CANADA TRUST COMPANY Toronto, Ontario
BANKERS	CANADIAN IMPERIAL BANK OF COMMERCE Toronto, Ontario
LEGAL COUNSEL	DAVIES, WARD & BECK Toronto, Ontario
AUDITORS	CLARKSON, GORDON & CO. Toronto, Ontario
OFFICES	33 TORBARRIE ROAD Downsview, Ontario

**Report to the Shareholders of
DALEX CO. LIMITED**

This year both Dalex Industries Limited and Cutter Industries Limited earned record profits. The consolidated results therefore, show record profits.

Net profit for the year was \$109,641 compared to \$51,575 for the preceding year.

The surplus account increased by \$92,134 after payment of \$17,507 of dividends on preference shares.

During a similar fiscal period, National-Dalex Ltd., in which we hold a 50% interest, earned an indicated profit of approximately \$22,000.

Several months ago we purchased, at a nominal cost, all outstanding shares of Trailex Manufacturing (Canada) Limited, a small manufacturer of aluminum trailers for boats and snowmobiles. We believe this Company and Cutter Industries will complement each other.

We expect the current fiscal year to show a further improvement in sales and earnings.

D'ARCY F. McCONVEY
President

January 16th, 1968

DALEX CO.

and its subsi

CONSOLIDATED

September

(with comparative figures)

ASSETS

CURRENT:

	1967	1966
	\$	\$
Cash	19,879	169
Accounts receivable—Trade	753,129	
—Other	21,906	
	<u>775,035</u>	
Less allowance for doubtful accounts	106,000	
	<u>669,035</u>	898,632
Inventories, valued at the lower of cost and net realizable value—		
Equipment, motors and boats	208,402	
Parts and accessories	185,999	
Raw materials and supplies	79,268	
Work in process	<u>23,217</u>	496,886
Prepaid expense	24,678	26,906
Total current assets	<u>1,210,478</u>	1,533,633

Special refundable tax

INVESTMENT IN AND ADVANCES TO NATIONAL-DALEX LTD.

(50% owned) — at cost:

Shares (note 2)	500	
Advances	<u>9,000</u>	9,500

FIXED — at cost:

Land	45,730	45,730
Building and equipment	371,490	
Less accumulated depreciation	<u>165,370</u>	206,120

TRADEMARKS — at cost

400	400
<u>\$1,474,874</u>	<u>\$1,824,855</u>

See accom

AUDITOR

To the Shareholders of DALEX CO. LIMITED:

We have examined the consolidated balance sheet of Dalex Co. Limited and its subsidiary, and the statement of contributed surplus and source and application of funds for the year then ended. Our examination was based upon such other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position and applications of their funds for the year then ended, in accordance with generally accepted accounting principles.

Toronto, Canada,
December 7, 1967.

LIMITED

companies

BALANCE SHEET

0, 1967

(September 30, 1966)

LIABILITIES

Current:		1967	1966
Due to bankers (note 3)	\$ 271,000	\$ 578,847	
Accounts payable and accrued charges	286,746	419,835	
Current portion of mortgage payable	7,682	7,261	
Income taxes payable	33,052	27,749	
Total current liabilities	<u>598,480</u>	<u>1,033,692</u>	

7% MORTGAGE payable in monthly instalments of \$1,340 principal and interest

Less portion shown as current liability	136,882		
	<u>7,682</u>	129,200	136,103

SHAREHOLDERS' EQUITY:

Capital—

Authorized less purchased for cancellation:

4,403 7% cumulative redeemable preference shares with a par value of \$100 each redeemable at \$105

60,000 common shares without par value

Issued:

2,501 preference shares	250,100
36,400 common shares	<u>10,407</u>
	260,507

Contributed surplus

7,726

Earned surplus

478,961

747,194

655,060

\$1,474,874

\$1,824,855

On behalf of the Board:

D'Arcy McConvey, Director

Robert Telfer, Director

ng notes

REPORT

as at September 30, 1967, and the consolidated statements of profit and loss, earned surplus, included a general review of the accounting procedures and such tests of accounting records and

the companies as at September 30, 1967 and the results of their operations and the source ing principles applied on a basis consistent with that of the preceding year.

CLARKSON, GORDON & CO.
Chartered Accountants

DALEX CO. LIMITED

and its subsidiary companies

**STATEMENTS OF CONSOLIDATED EARNED
SURPLUS AND CONTRIBUTED SURPLUS**

FOR THE YEAR ENDED SEPTEMBER 30, 1967

(with comparative figures for the year ended September 30, 1966)

EARNED SURPLUS

	1967	1966
Balance at beginning of year	\$386,827	\$355,066
Add net profit for the year	<u>109,641</u>	<u>51,575</u>
	496,468	406,641
Less:		
Dividends paid on preference shares	17,507	17,507
Tax adjustments of prior year	<u>2,307</u>	
Balance at end of year	\$478,961	\$386,827

CONTRIBUTED SURPLUS

Balance at beginning of year	\$ 7,726	\$ 7,734
Deduct premium on the purchase of preference shares for cancellation	<u>8</u>	
Balance at end of year	\$ 7,726	\$ 7,726

See accompanying notes

DALEX CO. LIMITED
and its subsidiary companies

**STATEMENT OF CONSOLIDATED
PROFIT AND LOSS**

FOR THE YEAR ENDED SEPTEMBER 30, 1967

(with comparative figures for the year ended September 30, 1966)

	1967	1966
Sales	\$5,984,031	\$5,392,983
Costs, including selling, warehouse, general and administrative expenses	5,800,931	5,283,705
Profit before income taxes	183,100	109,278
Income taxes (note 5)	73,459	57,703
Net profit for the year	<u><u>\$ 109,641</u></u>	<u><u>\$ 51,575</u></u>

The above statement of consolidated profit and loss includes the following items:

Depreciation	\$ 33,099	\$ 32,779
Salaries and fees paid to directors and senior officers	100,332	84,636

See accompanying notes

DALEX CO. LIMITED
 and its subsidiary companies
**STATEMENT OF CONSOLIDATED SOURCE
 AND APPLICATION OF FUNDS**

FOR THE YEAR ENDED SEPTEMBER 30, 1967

(with comparative figures for the year ended September 30, 1966)

	1967	1966
Funds derived from operations:		
Net profit	\$ 109,641	\$ 51,575
Add depreciation which did not require a cash outlay during the year	33,099	32,779
	142,740	84,354
Reduction in advances to associated company	14,000	12,000
	156,740	96,354
Funds applied to:		
Purchase fixed assets (net)	18,792	42,757
Pay dividend on preference shares	17,507	17,507
Purchase preference shares for cancellation		1,508
Pay prior year's income tax adjustment		2,307
Reduce principal of mortgage payable	6,903	6,454
Acquire trademarks		400
Pay special refundable tax	1,481	1,165
	44,683	72,098
Increase in consolidated working capital (as indicated below)	\$112,057	\$24,256
	September 30, 1967	September 30, 1966
Current assets	\$1,210,478	\$1,533,633
Less current liabilities	598,480	1,033,692
Consolidated working capital	\$ 611,998	\$ 499,941
	Increase (decrease)	\$ (323,155) (435,212)
	\$ 112,057	\$ 112,057

See accompanying notes

DALEX CO. LIMITED

and its subsidiary companies

**NOTES TO CONSOLIDATED
FINANCIAL STATEMENTS**

YEAR ENDED SEPTEMBER 30, 1967

1. A subsidiary company is contingently liable for guarantees of payments on balances owing to finance companies in the amount of \$1,379,974.
2. The book value of the equity of the company in the shares of National-Dalex Ltd. at September 30, 1967 amounted to \$54,944.
3. The bankers hold a general assignment of accounts receivable and a first floating charge debenture for \$800,000 as collateral against the amounts advanced.
4. The company is committed to an annual rental of \$18,956 on its former premises to March 31, 1969; this property has been sublet at an annual rental of \$15,360. A subsidiary company is committed to an annual rental of \$19,278 on its premises to November 30, 1970.
5. Income taxes for the year ended September 30, 1967 have been reduced by approximately \$10,000 as a result of the carry-forward of the prior year's loss of a subsidiary company.

